

MAYOR & CABINET			
Report Title	2017/18 Budget Update		
Key Decision	Yes	Item No.	
Ward	All		
Contributors	Executive Director for Resources & Regeneration		
Class	Part 1	Date: 15 February 2017	

REASONS FOR URGENCY AND LATENESS

Lateness: This report was not available for the original dispatch to ensure that any decisions taken by the Mayor & Cabinet on 8 February 2017 could be appropriately considered within this report.

Urgency: Given the significance of the financial constraints that the Council will face over the coming years, it is essential that the Mayor and his Cabinet are updated on any changes affecting the 2017/18 Budget prior to presenting it to full Council.

Where a report is received less than 5 clear days before the date of the meeting at which the matter is being considered, then under the Local Government Act 1972 Section 100(b)(4) the Chair of the Committee can take the matter as a matter of urgency if he is satisfied that there are special circumstances requiring it to be treated as a matter of urgency. These special circumstances have to be specified in the minutes of the meeting.

1. SUMMARY

1.1 This report presents the Mayor with updates to the main 2017/18 Budget Report presented to Mayor and Cabinet on 8 February 2017, and seeks the Mayor's approval to finalise the recommended 2017/18 Budget for consideration and agreement by the Council on 22 February 2017.

2. PURPOSE

2.1 The purpose of this report is to finalise the 2017/18 budget for consideration by the Council on 22 February 2017.

3. RECOMMENDATIONS

That the Mayor:

3.1 Agrees to recommend to Council a Band D Council Tax for 2017/18 of £1,157.68 for the Council's element. This is an increase of 4.99% (including a social care precept of 3%), based on a General Fund Budget Requirement of £232.746m for 2017/18.

3.2 Notes and asks Council to note an overall increase in the total Council Tax for 2017/18 of 4.28% to include the Greater London Authority (GLA) precept being

increased by £4.02 to £280.02 (Band D equivalent), a 1.46% increase from its 2016/17 level as proposed.

- 3.3 Agrees to recommend to Council on 22 February 2017, the statutory calculation of the Budget Requirement for Lewisham for 2017/18, attached at Appendix A.
- 3.4 Agrees to recommend to Council on 22 February 2017, the motion on the budget, attached at Appendix B, including modifications made to the proposals published in the 2017/18 Budget Report.
- 3.5 Notes the provisional and estimated precept and levies from the GLA and other bodies as detailed in Appendix C and delegates authority to the Executive Director for Resources and Regeneration to include any changes to these in the report for Council.
- 3.6 Notes the final settlement figure for 2017/18 is yet to be announced, and is now expected in the week commencing the 20 February.
- 3.7 Notes that there were no responses from Business rate payers to the consultation on the draft Budget which took place from 20 January 2017 to 3 February 2017.
- 3.8 Considers the Section 25 Statement from the Chief Financial Officer. This is attached at Appendix D.
- 3.9 Agrees the Q11 savings proposal in respect of Meliot Road as attached at Appendix E.

4. UPDATE ON THE COUNCIL'S CURRENT FINANCIAL POSITION

- 4.1 This report updates the main 2017/18 Budget Report through considering the following areas:-
 - Revenue Budget Savings and Funding Issues
 - The Greater London Authority Precept
 - Final Level of Council Tax

Revenue Budget Savings and Funding Issues

- 4.2 The impact of the final grant settlement and savings decisions taken at Mayor and Cabinet and their impact on the statutory calculations (if any) in respect of Council Tax are set out in this section:

Revenue Budget Savings

Saving Q11 - Meliot Centre

- 4.3 A proposal for the Meliot Centre Service to cease operation as an assessment centre and re-align as a contact and intervention centre (with a lesser function of providing interventions and parenting assessments) was presented to Mayor and Cabinet on the 28 September 2016.
- 4.4 The Mayor requested that this proposal return to Mayor and Cabinet for decision after the required consultation and progress update report to CYP

Select Committee. Updates were presented to the Select Committee on 10 November 2016 and 12 January 2017.

- 4.5 The detailed savings report is attached at Appendix E, along with the guidance on making fair financial decisions at Appendix F.

Final Settlement Funding Assessment

- 4.6 The Department for Communities and Local Government is yet to announce the final Local Government settlement figures in parliament.
- 4.7 The Local Government Association notified Councils that the parliamentary debate on the Final 2017/18 Local Government Finance Settlement will take place shortly after Parliament returns from recess on Monday 20 February. It is not yet known when the final settlement will be published by the Department for Communities and Local Government.
- 4.8 For the purposes of this report, the Council's Settlement Funding Assessment for 2017/18 remains the same as the figures published in the main Budget Report of the 8 February.

Update on other grants and future year's strategy

- 4.9 No further announcements have been made by the Secretary of State since the 16 December Local Government Finance Settlement announcement. Details and implication of any further announcements made with the final settlement will be communicated to Council at the earliest time possible.

Overall Budget Position for 2017/18

- 4.10 This remains unchanged from the main Budget Report of 8 February. For 2017/18, the overall budget position for the Council is a General Fund Budget Requirement of £232.746m. The overall position is set out in Table 1 below.

Table 1: Overall Budget Position for 2017/18

Detail	Expenditure/ (Income) £m	Expenditure/ (Income) £m
Settlement Funding Assessment (SFA) for 2017/18	(135.019)	
Council Tax 2017/18 at 4.99% increase	(93.874)	
Surplus on Collection Fund	(3.853)	
Assumed Budget Requirement for 2017/18		(232.746)
Total Resources available for 2017/18		
Base Budget for 2016/17	236.218	
Plus: Reversal of reserves drawn in 16/17 (once off)	10.943	
Plus: Additional Pay inflation	0.978	
Plus: Non-pay Inflation	2.500	
Plus: Education Support Grant changes for 17/18	2.870	
Plus: Budget pressures to be funded from 17/18 fund	5.120	
Plus: Risks and other potential budget pressures	2.130	
Less: 16/17 pressures funding no longer required	(0.750)	
Less: Previously agreed savings for 2017/18	(16.237)	

Less: September approved savings for 2017/18	(5.999)	
Less: Use of New Homes Bonus reserve	(5.000)	
Less: Once off use of Corporate reserves	(0.027)	
Total		232.746

Levies

- 4.11 There are three bodies which charge a levy against Lewisham's Council Tax: the London Pensions Fund Authority (LPFA); the Environment Agency; and the Lee Valley Park Authority. Formal notification from the Environment Agency has been received, and officers have estimated the levy for the LPFA and the Lee Valley Park Authority and assumed no change. The detail for these levies is provided in Appendix C. The Council's 'relevant basic' amount of Council Tax has been calculated and results in a 4.99% increase for 2017/18.

The Greater London Authority Precept

- 4.12 On the 25 January, the Mayor of London's draft budget was approved by the Assembly. The proposed 2017/18 GLA precept for Band D is £280.02. This represents an increase of £4.02 from its 2016/17 level. The final announcement is due after the 20 February (the date the London Assembly will consider the Mayor's final budget), and officers have assumed no change to the precept already announced.
- 4.13 Accordingly, the Mayor is asked to agree to recommend to Council on 22 February 2017, the motion, attached at Appendix B.

Final Level of Council Tax

- 4.14 Table 2 shows Lewisham's overall proposed Council Tax Calculation for 2017/18 and calculation of the Council Tax for Band D for 2017/18, based on the recommended budget requirement of £232.746m.

Table 2: Calculation of Council Tax Requirement and Band D based on spend of £232.746m for 2017/18.

	£
Assumed Budget Requirement for 2017/18	236,745,990
Less: Revenue Support Grant (Provisional)	46,158,845
Less: Baseline Funding Level (Provisional)	88,860,595
Less: Surplus in collection fund	3,853,000
Council Tax requirement	93,873,550
Divide by: Council Tax Base	81,087.65
Council Tax for Lewisham Services (Band D)	1,157.68
Add: Precept demand from GLA (estimated)	280.02
Total Council Tax (Band D)	1,437.70

- 4.15 The final calculation of Council Tax for different Council Tax bands is shown in Table 3, based on the Band D calculated in Table 2.

Table 3: Council Tax for different Council Tax Bands in 2017/18

Council Tax Band	Fraction	Lewisham Council Tax	GLA Precept	Total Council Tax
		£	£	£
A	6/9	771.79	186.68	958.47
B	7/9	900.42	217.79	1,118.21
C	8/9	1,029.05	248.91	1,277.96
D	9/9	1,157.68	280.02	1,437.70
E	11/9	1,414.94	342.25	1,757.19
F	13/9	1,672.20	404.47	2,076.68
G	15/9	1,929.47	466.70	2,396.17
H	18/9	2,315.36	560.04	2,875.40

Conclusion

- 4.16 This report sets out the updated information for the Mayor to make recommendations to Council to set the 2017/18 budget. This includes finalising the statutory requirements to allow Council to make final decisions (subject to confirmation of and no changes to the Final Local Government Finance Settlement) on 22 February 2017.

5. FINANCIAL IMPLICATIONS

- 5.1 This entire report is concerned with the Council's budget.

6. LEGAL IMPLICATIONS

- 6.1 Many legal implications are referred to in the body of the main report. Particular attention is drawn to the following:

Capital Programme

- 6.2 Generally, only expenditure relating to tangible assets (e.g. roads, buildings or other structures, plant, machinery, apparatus and vehicles) can be regarded as capital expenditure. (Section 16 Local Government Act 2003 and regulations made under it).
- 6.3 The Local Government Act 2003 introduced a prudential system of financial control, replacing a system of credit approvals with a system whereby local authorities are free to borrow or invest so long as their capital spending plans are affordable, prudent, and sustainable. Authorities are required to determine and keep under review how much they can afford to borrow having regard to CIPFA's Prudential Code of Capital Finance in Local Authorities. The Code requires that in making borrowing and investment decisions, the Council is to take account of affordability, prudence, and sustainability, value for money, stewardship of assets, service objectives, and practicality.
- 6.4 Section 11 Local Government Act 2003 allows for regulations to be made requiring an amount equal to the whole or any part of a capital receipt to be paid to the Secretary of State. Since April 2013 there has been no requirement to set aside capital receipts on housing land (SI2013/476). For right to buy

receipts, the Council can retain 25% of the net receipt (after taking off transaction costs) and is then entitled to enter an agreement with the Secretary of State to fund replacement homes with the balance. Conditions on the use of the balance of the receipts are that spending has to happen within three years and that 70% of the funding needs to come from Council revenue or borrowing. If the funding is not used within three years, it has to be paid to the Department for Communities for Local Government, with interest.

Housing Revenue Account

- 6.5 Section 24 of the Housing Act 1985 provides that a local authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Council must review rents from time to time and make such charges as circumstances require.
- 6.6 Under the Local Government and Housing Act 1989, the Council is obliged to maintain a separate HRA (Section 74) and by Section 76 must prevent a debit balance on that account. Rents must therefore be set to avoid such a debit.
- 6.7 By Schedule 4 of the same Act where benefits or amenities arising out of a housing authority functions are provided for persons housed by the authority but are shared by the community, the Authority must make such contribution to the HRA from their other revenues to properly reflect the community's share of the benefits/amenities.
- 6.8 The process for varying the terms of a secure tenancy is set out in Sections 102 and 103 of the Housing Act 1985. It requires the Council to serve notice of variation at least four weeks before the effective date; the provision of sufficient information to explain the variation; and an opportunity for the tenant to serve a Notice to Quit ending their tenancy.
- 6.9 Where the outcome of the rent setting process involves significant changes to housing management practice or policy, further consultation may be required with the tenants' affected in accordance with section 105 of the Housing Act 1985.
- 6.10 Part 7 of the Localism Act 2011 abolished HRA subsidy and moved to a system of self financing in which Councils are allowed to keep the rents received locally to support their housing stock. Section 174 of the same Act provides for agreements between the Secretary of State and Councils to allow Councils not to have to pay a proportion of their capital receipts to the Secretary of State if he/she approves the purpose to which it would be put.

Balanced Budget

- 6.11 Members have a duty to ensure that the Council acts lawfully. It must set and maintain a balanced budget each year. The Council must take steps to deal with any projected overspends and identify savings or other measures to bring the budget under control. If the Capital Programme is overspending, this may be brought back into line through savings, slippage, or contributions from revenue. The proposals in this report are designed to produce a balanced budget in 2017/18.

- 6.12 In this context, Members are reminded of their fiduciary duty to the Council Tax payer, effectively to act as trustee of the Council's resources and to ensure proper custodianship of Council funds.

An annual budget

- 6.13 By law, the setting of the Council's budget is an annual process. However, to enable meaningful planning, a number of savings proposals for 2017/18 were anticipated in the course of the budget process. They were the subject of full report at that time and they are now listed in Appendix Y1 and Appendix Y2. Members are asked now to approve and endorse those reductions for this year. This report is predicated on taking all of the agreed and proposed savings. If not, any shortfall will have to be met through adjustments to the annual budget in this report.
- 6.14 The body of the report refers to the various consultation exercises (for example with tenants' and business) which the Council has carried out/is carrying out in accordance with statutory requirements relating to this budget process. The Mayor must consider the outcome of that consultation with an open mind before reaching a decision about his final proposals to Council. It is noted that the outcome of consultation with business rate payers will only be available from the 6 February 2017 and any decisions about the Mayor's proposals on the budget are subject to consideration of that consultation response.

Referendum

- 6.15 Sections 72 of the Localism Act 2011 and Schedules 5 to 7 amended the provisions governing the calculation of Council Tax. They provide that if a Council seeks to impose a Council Tax increase in excess of limits fixed by the Secretary of State, then a Council Tax referendum must be held, the results of which are binding. The Council may not implement an increase which exceeds the Secretary of State's limits without holding the referendum. Were the Council to seek to exceed the threshold, substitute calculations which do not exceed the threshold would also have to be drawn up. These would apply in the event that the result of the referendum is not to approve the "excessive" rise in Council Tax. Attention is drawn to the statement of the Secretary of State that the Council may impose a precept of 3% on the Council Tax, ring-fenced for social care provision, and may impose an additional increase of less than 2% without the need for a referendum. The maximum proposed Council Tax increase is 4.99% and therefore below the combined limit.
- 6.16 In relation to each year the Council, as billing authority, must calculate the Council Tax requirement and basic amount of tax as set out in Section 31A and 31B of the Local Government Finance Act 1992. These statutory calculations appear Appendix Y5.

Robustness of estimates and adequacy of reserves

- 6.17 Section 25 of the Local Government Act 2003 requires, when the authority is making its calculations under s32 of the Local Government Finance Act 1992, the Chief Finance Officer to report to it on:-
- (a) the robustness of the estimates made for the purposes of the Calculations; and
 - (b) the adequacy of the proposed financial reserves.

- 6.18 The Chief Financial Officer's section 25 statement will be appended to the Budget Report update to Mayor & Cabinet on 15 February 2017.

Treasury Strategy

- 6.19 Authorities are also required to produce and keep under review for the forthcoming year a range of indicators based on actual figures. These are set out in the report. The CIPFA Treasury Management Code of Practice says that movement may be made between the various indicators during the year by an Authority's Chief Finance Officer as long as the indicators for the total Authorised Limit and the total Operational Boundary for external debt remain unchanged. Any such changes are to be reported to the next meeting of the Council.
- 6.20 Under Section 5 of the 2003 Act, the prudential indicator for the total Authorised Limit for external debt is deemed to be increased by an amount of any unforeseen payment which becomes due to the Authority within the period to which the limit relates which would include for example additional external funding becoming available but not taken into account by the Authority when determining the Authorised Limit. Where Section 5 of the Act is relied upon to borrow above the Authorised Limit, the Code requires that this fact is reported to the next meeting of the Council.
- 6.21 Authority is delegated to the Executive Director for Resources & Regeneration to make amendments to the limits on the Council's counterparty list and to undertake Treasury Management in accordance with the CIPFA Treasury Management Code of Practice and the Council's Treasury Policy Statement.

Constitutional provisions

- 6.22 Legislation provides that it is the responsibility of the full Council to set the Council's budget. Once the budget has been set, save for those decisions which he is precluded from, it is for the Mayor to make decisions in accordance with the statutory policy framework and that are not wholly inconsistent with the budget. It is for the Mayor to have overall responsibility for preparing the draft budget for submission to the Council to consider. If the Council does not accept the Mayor's proposals it may object to them and ask him to reconsider. The Mayor must then reconsider and submit proposals (amended or unamended) back to the Council which may only overturn them by a two-thirds majority.
- 6.23 For these purposes the term "budget" means the "budget requirement (as provided for in the Local Government Finance Act 1992) all the components of the budgetary allocations to different services and projects, proposed taxation levels, contingency funds (reserves and balances) and any plan or strategy for the control of the local authority's borrowing or capital expenditure." (Chapter 2 statutory guidance).
- 6.24 Authorities are advised by the statutory guidance to adopt an inclusive approach to preparing the draft budget, to ensure that councillors in general have the opportunity to be involved in the process. However it is clear that it is for the Mayor to take the lead in that process and proposals to be considered should come from him. The preparation of the proposals in this report has

involved the Council's select committees and the Public Accounts Select Committee in particular, thereby complying with the statutory guidance.

Statutory duties and powers

- 6.25 The Council has a number of statutory duties which it must fulfil by law. It cannot lawfully decide not to carry out those duties. However, even where there is a statutory duty, the Council often has discretion about the level of service provision. Where a service is provided by virtue of a Council power rather than a duty, the Council is not bound to carry out those activities, though decisions about them must be taken in accordance with the decision making requirements of administrative law. In so far as this report deals with reductions in service provision in relation to a specific service, this has been dealt with in the separate savings report that accompanies this budget report.

Reasonableness and proper process

- 6.26 Decisions must be made reasonably taking into account all relevant considerations and ignoring irrelevancies. Members will see that in relation to the proposed savings there is a summary at Appendix Y2. If the Mayor decides that the budget for that service must be reduced, the Council's reorganisation procedure applies. Staff consultation in accordance with that procedure will be conducted and in accordance with normal Council practice, the final decision would be made by the relevant Executive Director under delegated authority.

Staff consultation

- 6.27 Where proposals, if accepted, would result in 100 redundancies or more within a 90 day period, an employer is required by Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 as amended, to consult with the representatives of those who may be affected by the proposals. The consultation period is at least 45 days. Where the number is 20 or more, but 99 or less the consultation period is 30 days. This requirement is in addition to the consultation with individuals affected by redundancy and/or reorganisation under the Council's own procedure.

Best Value

- 6.28 Under section 3 of the Local Government Act 1999, the Council is under a best value duty to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. It must have regard to this duty in making decisions in relation to this report.

Integration with health

- 6.29 Members are reminded that provisions under the Health and Social Care Act 2012 require local authorities in the exercise of their functions to have regard to the need to integrate their services with health.
- 6.30 The legal implications in relation to the Meliot Road saving proposal are set out in Appendix E of this report.

7. HUMAN RESOURCES IMPLICATIONS

7.1 There are no specific human resources implications directly arising from this report. Any human resources implications have been set out in the main budget report.

8. CRIME & DISORDER IMPLICATIONS

8.1 There are no specific crime and disorder implications directly arising from this report. Any crime and disorder implications have been set out in the main budget report.

9. EQUALITIES IMPLICATIONS

9.1 The Equality Act 2010 (the Act) introduced the public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

9.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

9.3 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which the Council can demonstrate that they have had ‘due regard’.

9.4 The Equality and Human Rights Commission issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with services and public functions. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:
<http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

9.5 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

1. The essential guide to the public sector equality duty
2. Meeting the equality duty in policy and decision-making
3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

- 9.6 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties, and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:
<http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>
- 9.7 The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. It appears at Appendix Y6 and attention is drawn to its contents.
- 9.8 Assessing impact on equality is not an end to itself and it should be tailored to, and be proportionate to, the decision being made. Whether it is proportionate for the Council to conduct an Equalities Analysis Assessment of the impact on equality of a financial decision or not depends on its relevance to the Authority’s particular function and its likely impact on people from protected groups, including staff.
- 9.9 Where savings proposals are anticipated to have an impact on staffing levels, it will be subject to consultation as stipulated within the Council’s Employment/Change Management policies, and services will be required to undertake an Equalities Analysis Assessment (EAA) as part of their restructuring process.
- 9.10 It is also important to note that the Council is subject to the Human Rights Act, and should therefore, also consider the potential impact their particular decisions could have on human rights. Where particular savings have such implications, they are dealt with in relation to those particular reports.
- 9.11 The Council is proposing to increase Council Tax by 1.99% within the referendum limit and a further 3% as a social care precept. In proposing to increase Council Tax in 2017/18, the Council must have regard to the equalities implications of so doing, both in terms of raising and then spending this additional money. This has been done as described below. Overall there will be a positive equalities impact for the elderly and disabled in Lewisham as a consequence of these proposals.
- 9.12 In respect of raising additional Council Tax there are no new equality impacts for any of the identified characteristics because Council Tax is raised from all households in line with existing national arrangements. There are also no new equality impacts for any of the identified characteristics from the 1.99% increase as the £1.78m raised will be spent on the Council's general services for the benefit of the population as a whole.
- 9.13 There are positive equality impacts for some of the identified characteristics from the 3% social care increase as this £2.68m will be ring fenced for

spending on those in receipt of adult social care. In particular, by definition the characteristics of age and disability.

9.14 To put this in context; Lewisham's population was identified as being 276,000 (census 2011) of whom 9.5% were 65 years or older and 14.5% were living with a long term condition (a proxy for disability).

9.15 In terms of adult social care in 2015/16 (the latest annual figures available) the Council;

- supported the following;
 - 2,260 Carers needs were considered or reviewed
 - 4,280 Peoples needs were assessed or reviewed
 - 883 People were in receipt of Direct Payments of these
 - 390 Carers received a Direct Payment.
 - 3192 People were in receipt of a Personal Budget
 - 828 People were supported during the year in in permanent residential and nursing placements
 - 276 People were admitted to nursing care.
- spent £80m on adult social care services, directed as follows:
 - Mental Health - 10%
 - Physical Disability - 34%
 - Learning Disability - 40%
 - Other Services - 16%

10. ENVIRONMENTAL IMPLICATIONS

10.1 There are no specific environmental implications directly arising from this report. Any environmental implications have been set out in the main budget report.

11. BACKGROUND DOCUMENTS AND ORIGINATOR

Short Title of Document	Date	Location	Contact	Exempt
2017/18 Budget Report	Mayor & Cabinet 8 February 2017	5 th Floor Laurence House	David Austin	No
2017/18 Revenue Budget Savings Report	Mayor & Cabinet 28 September 2016	5 th Floor Laurence House	David Austin	No

For further information on this report please contact:

Janet Senior, Executive Director for Resources & Regeneration on 020 8314 8013

David Austin, Head of Corporate Resources on 020 8314 9114

APPENDIX A

Statutory Calculations

- 1) It be noted that at its meeting on 15 January 2017, the Council calculated the number of **81,087.65** as its Council Tax base for 2017/18 in accordance with the Local Authorities (Calculation of Taxbase) Regulations;
- 2) The following amounts be now calculated by the Council for the year 2017/18 in accordance with the Local Government Finance Act 1992:
 - a. **£976,670,456** being the aggregate of the amounts which the Council estimates for gross expenditure, calculated in accordance with Section 32(2)A of the Act;
 - b. **£743,924,466** being the aggregate of the amounts which the Council estimates for income, calculated in accordance with Section 32(3)A of the Act;
 - c. **£232,745,990** being the amount by which the aggregate of 2(a) above exceeds the aggregate of 2(b) above, calculated by the Council, in accordance with Section 32A(4) of the Act, as its General Fund budget requirement for the year;
 - d. **£135,019,440** being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of the Settlement Funding Assessment.
 - e. **£97,726,550** being the residual amount required to be collected from Council Tax payers. This includes the surplus on the Council's Collection Fund of **£3,853,000**.
 - f. **£1,157.68** being the residual sum at (e) above (less the surplus on the Collection Fund), divided by the Council Tax base of **81,087.65** which is Lewisham's precept on the Collection Fund for 2017/18 at the level of Band D;

Band	Council Tax (LBL)
	£
A	771.79
B	900.42
C	1,029.05
D	1,157.68
E	1,414.94
F	1,672.20
G	1,929.47
H	2,315.36

Being the amounts given by multiplying the amount at (f) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

- 3) It be noted that for the year 2017/18, the Greater London Authority is currently consulting on the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 (as amended), for each of the categories of dwellings shown below:-

Band	GLA Precept
	£
A	186.68
B	217.79
C	248.91
D	280.02
E	342.25
F	404.47
G	466.70
H	560.04

- 4) Having calculated the estimated aggregate amount in each case of the amounts at 2) (f) and 3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, assumed the following amounts as the amounts of Council Tax for the year 2017/18 for each of the categories of dwellings shown below:-

Band	Total Council Tax (LBL & GLA)
	£
A	958.47
B	1,118.21
C	1,277.96
D	1,437.70
E	1,757.19
F	2,076.68
G	2,396.17
H	2,875.40

APPENDIX B

MOTION FOR THE MAYOR TO RECOMMEND TO COUNCIL

Having considered:

- (i) an officer report, the comments of the Public Accounts Select Committee of 25 January 2017, and a presentation from the Cabinet Member for Resources;
- (ii) the views of those consulted on the budget as required and subject to proper process and consultation;

The Mayor, from the options available, is asked to:

Capital Programme

- 3.1 note and ask Council to note the 2016/17 Quarter 3 Capital Programme monitoring position and the Capital Programme potential future schemes and resources as set out in section 5 of this report;
- 3.2 recommend that Council approves the 2017/18 to 2020/21 Capital Programme of £336.6m, as set out in section 5 of this report and attached at Appendices W1 and W2;
- 3.3 recommend that Council agrees to write-off debt totalling £282,759.34 related to Building Control works at the former Hatcham Temple Grove School. Further detail is provided in Appendix W3;

Housing Revenue Account

- 3.4 note and ask Council to note the consultation report on service charges to tenants' and leaseholders in the Brockley area, presented to area panel members on 13 December 2016, as attached at Appendix X2;
- 3.5 note and ask Council to note the consultation report on service charges to tenants' and leaseholders and the Lewisham Homes budget strategy presented to area panel members on 15 December 2016, as attached at Appendix X3;
- 3.6 recommend that Council set a decrease in dwelling rents of 1.0% (an average of £0.97 per week) – as per the requirements from government as presented in section 6 of this report;
- 3.7 recommend that Council set a decrease in the hostels accommodation charge by 1.0% (or £0.35 per week), in accordance with Government requirements;
- 3.8 approve the following average weekly increases/decreases for dwellings for:

3.8.1 service charges to non-Lewisham Homes managed dwellings (Brockley);

- caretaking 3.00% (£0.13)
- grounds 3.00% (£0.06)
- communal lighting 3.00% (£0.02)
- bulk waste collection 3.00% (£0.04)
- window cleaning 3.00% (£0.01)
- tenants' levy no change

3.8.2 service charges to Lewisham Homes managed dwellings:

- caretaking 1.99% (£0.12)
- grounds 0.69% (£0.01)
- window cleaning no change
- communal lighting 3.33% (£0.04)
- block pest control 1.88% (£0.03)
- waste collection -4.17% (-£0.02)
- heating & hot water no change
- tenants' levy no change
- bulk waste disposal -5.00% (-£0.04)
- sheltered housing 1.00% (£0.24)

3.9 approve the following average weekly percentage changes for hostels and shared temporary units for;

- service charges (hostels) – caretaking etc.; 2.00% (£1.42)
- energy cost increases for heat, light & power; 8.93% (£0.49)
- water charges increase; 5.56% (£0.01)

3.10 approve an increase in garage rents by Retail Price Inflation (RPI) of 2.00% (£0.23 per week) for Brockley residents and 2.00% (£0.23 per week) for Lewisham Homes residents;

3.11 note and ask Council to note that the budgeted expenditure for the Housing Revenue Account (HRA) for 2017/18 is £159.8m which includes the capital and new build programmes;

3.12 agree and ask Council to endorse the HRA budget strategy savings proposals in order to achieve a balanced budget in 2017/18, as attached at Appendix X1;

Dedicated Schools Grant and Pupil Premium

- 3.13 agree and ask Council to agree, subject to final confirmation of the allocation, that the provisional Dedicated Schools Grant allocation of £290.7m be the Schools' Budget for 2017/18 and notes and asks Council to
- note the proposed fair funding formula consultation on both the schools block and high needs block
 - note the position on the early years block
 - note the position on the schools block
 - agree that a PFI factor should be introduced to the schools funding formula for Lewisham.
 - note the latest financial position in schools
 - note the likely future cost pressures on schools
 - note the estimated pupil premium of £16.0m
 - note the position on the Education Services Grant

General Fund Revenue Budget

- 3.14 note and ask Council to note the projected overall variance against the agreed 2016/17 revenue budget of £11.6m as set out in section 8 of this report and that any year-end overspend will have to be met from reserves;
- 3.15 agree and ask Council to agree officers' recommendation to opt in to the Public Sector Audit Appointments (PSAA) process to appoint an auditor for the 2018/19 financial year.
- 3.16 endorse and ask Council to endorse the previously approved revenue budget savings of £16.2m for 2017/18 and budget savings proposals of £6m as per the Mayor and Cabinet meeting of the 28 September 2016, as set out in section 8 of the report and summarised in Appendix Y1 and Y2;
- 3.17 agree and ask Council to agree the transfer of £5.0m in 2017/18 from the New Homes Bonus reserve to the General Fund for one year to meet funding shortfalls and that the position be reviewed again for 2018/19;
- 3.18 agree and ask Council to agree the use of £0.027m reserves to meet the budget gap in 2017/18;
- 3.19 agree and ask Council to agree the remaining £2.75m of unallocated corporate risk and pressures monies in 2016/17 be transferred to Adult Social Care budgets from 2017/18;

- 3.20 agree and ask Council to agree to a saving of £1.0m per year for three years from 2017/18 (£3m in total) from the reduction of the corporate risks and pressures budget to £6.5m;
- 3.21 note and ask council to note that £0.75m of the 2016/17 risk and pressures monies allocated to Directorate budgets is no longer required and is to be recovered corporately and re-allocated in 2017/18, in addition to the £6.5m above;
- 3.22 agree and ask Council to agree the allocation of £5.12m in 2017/18 to fund quantified budget pressures from the £7.25m (£6.5m plus £0.75m) set aside for corporate risks and pressures;
- 3.23 agree and ask Council to agree to create a fund in respect of the identified but as yet un-quantified revenue budget risks in the sum of £2.13m in 2017/18 (the balance of budget for corporate risks and pressures), allowing the Executive Director for Resources & Regeneration to hold these resources corporately in case these pressures emerge during the year, and authorises the Executive Director for Resources and Regeneration to allocate these funds to meet such pressures when satisfied that those pressures cannot be contained within the Directorates' cash limit;
- 3.24 agree to recommend to Council that a General Fund Budget Requirement of £232.746m for 2017/18 be approved, based on a 4.99% increase in Lewisham's Council Tax element. This will result in a Band D equivalent Council Tax level of £1,157.68 for Lewisham's services and £1,437.70 overall. This represents an overall increase in Council Tax for 2017/18 of 4.28% and is subject to the GLA precept for 2017/18 being increased by £4.02 (i.e. 1.5%) from £276.00 to £280.02, in line with the GLA's draft proposal;
- 3.25 note and ask Council to note the Council Tax Ready Reckoner which for illustrative purposes sets out the Band D equivalent Council Tax at various levels of increase. This is explained in section 8 of the report and is set out in more detail in Appendix Y3;
- 3.26 ask that the Executive Director for Resources & Regeneration issues cash limits to all Directorates once the 2017/18 Revenue Budget is agreed;
- 3.27 note that the Chief Financial Officer's Section 25 Statement will be presented in the Budget Update Report on the 15 February 2017 for approval;
- 3.28 agree and ask Council to agree the draft statutory calculations for 2017/18 as set out at Appendix Y5;
- 3.29 note and ask Council to note the prospects for the revenue budget for 2018/19 and future years as set out in section 9;

- 3.30 agree that officers continue to develop firm proposals and bring them forward as soon as possible as part of the Lewisham Future Programme to help meet the future forecast budget shortfalls;
- 3.31 agree and ask Council to agree the use of up to £10.6m of once off corporate resources for transformation projects as set out in the report and at Appendix Y7 (£2.2m in 2016/17 and £8.4m in 2017/18 and future years).

Other Grants (within the General Fund)

- 3.32 note and ask Council to note the adjustments to and impact of various specific grants for 2017/18 on the General Fund as set out in section 8 of this report;

Treasury Management Strategy

- 3.33 agree and recommend that Council approves the prudential indicators and treasury limits, as set out in section 10 of this report;
- 3.34 agree and recommend that Council approves the 2017/18 treasury strategy, including the authority to undertake debt restructuring and to invest for longer than one year in non-specified property investments (namely, pooled property funds and AAA Residential Mortgage Backed Securities), along with the investment strategy and the credit worthiness policy as set out at Appendix Z3;
- 3.35 agree and recommend that Council approves the revised Minimum Revenue Provision (MRP) policy which confirms the asset life approach adopted in 2016/17 and adds an option to waive the MRP charge on borrowing where sufficient collateral and security is held against the relevant borrowing, as set out in section 10 of this report.
- 3.36 agree and recommend that Council agrees to delegate to the Executive Director for Resources & Regeneration authority during 2017/18 to make amendments to borrowing and investment limits provided they are consistent with the strategy and there is no change to the Council's authorised limit for borrowing;
- 3.37 agree and recommend that Council approves the credit and counterparty risk management criteria, as set out at Appendix Z3, the proposed countries for investment at Appendix Z4, and that it formally delegates responsibility for managing transactions with those institutions which meet the criteria to the Executive Director for Resources & Regeneration; and
- 3.38 agrees and recommends that Council approves a minimum sovereign rating of AA-.

APPENDIX C

RELEVANT AMOUNTS OF COUNCIL TAX AND LEVIES

'Relevant Basic' Amount of Council Tax	2016/17	2017/18
Council Tax Base	78,528.58	81,087.65
Council Tax Requirement with Levy (£)	86,590,324	93,873,550
Basic Amount of Council Tax (£)	1,102.66	1,157.68
Increase in basic amount of Council Tax (%)	3.99%	4.99%

Levy bodies for Lewisham	2016/17 £	2017/18 £	Change £
LPFA	1,229,386	1,229,386	0
Lee Valley Regional Park	224,364	224,364	0
Environment Agency	178,500	183,987	5,487
Total Levies	1,632,250	1,632,250	5,487

APPENDIX D

APPENDIX Y4: Chief Financial Officer's Section 25 Statement

1. This statement makes reference to the 2017/18 Budget Report to Mayor & Cabinet circulated to all Members.
2. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its Council Tax. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates, included in the budget and the adequacy of the reserves, for which the budget provides. This Statement also reflects the requirements of CIPFA's current Local Authority Accounting Panel (LAAP) Bulletin 77 on 'Local Authority Reserves and Balances'.
3. Section 114 of the Local Government Act 1988, requires the CFO to issue a report to all the Local Authority members to be made by that officer, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

Generally

4. The Council has already made savings from its revenue budget of £138m since May 2010. The Medium Term Financial Strategy was reported to Mayor & Cabinet in July 2016. This set out that an estimated £62m of savings is required from 2017/18 to 2019/20. Based on the local government finance settlement, including maximum Council Tax increases for each of the next three years, and using largely the same assumptions as set out in the Medium Term Financial Strategy this estimate reduces to £56m. To date saving proposals for £23m have been presented for scrutiny and agreed by Mayor & Cabinet for 2017/18, leaving a gap to 2019/20 of £33m.
5. The final Local Government Finance Settlement expected in the week commencing on the 20 February 2017 will confirm the settlement for 2017/18 as part of the four year settlement to 2019/20 for local government confirmed in the provisional settlement in December 2016. This confirmed the need for £28m of savings in 2017/18. The estimates for 2018/19 to 2020/21 may vary depending on future year settlements and the outcomes to consultations due for a number of areas impacting local government finance. Current forecasts expect the Council to need to find in the region of a further £33m of savings for the two years 2018/19 and 2019/20.
6. The Council has not yet prepared detailed forecasts beyond 2019/20 as this will be subject to, amongst other things, the results of the next Comprehensive Spending Review, the move to 100% business rates retention by local government in 2020, and possible changes to health and social care

governance and funding arrangements. From the government's financial forecasts and outlook, further reductions to local government funding are to be expected in the early 2020s.

7. The Council continues to take a prudent approach towards financial planning. During these times, the Council will need to weigh up the need to hold reserves and balances against the increased risk to delivery of the budget if services are not transformed so that they are managed within the resources available.
8. The report discusses the use of once off reserves and balances when considering the in-year financial position, transformation opportunities, and savings requirements to enable members to set a balanced budget. In particular the proposal to draw £10.6m from reserves to support invest to save projects. This commitment is additional to the use of once off resources required to meet any overspends and to balance the budget until the required savings are delivered.
9. This balance of risk and reserves is even more important for the Council looking to 2017/18 and future years as a number of fundamental changes are proposed to the way in which local government will be financed. The emphasis of these changes is focused on local authorities becoming more self-sufficient and less reliant on central government grant.

Budget Risks

10. During 2016/17 there have been a number of pressures which have crystallised due to increasing demographics and legislative changes. Namely; looked after children, demand for adult social care, transport costs, and the apprenticeship levy. Consideration is given in the report to the management and funding of these risks. It is also to be noted that going into the seventh consecutive year of sustained and significant budget reductions, the proposals to save money have necessarily become more ambitious, more risky and carry a higher level of uncertainty about the exact timing and value they will deliver.
11. In addition to the Council's General Fund, other areas of the Council's activities face resource constraints and if not managed could potentially present impact the General Fund. For example:
 - The Housing Revenue Account (HRA) which is impacted by the national right-to-buy and four years of annual 1% rent reduction for social housing policies. These policies put pressure on the HRA and its plans to bring forward more housing.
 - Changes to the Dedicated Schools Grant (DSG) through changes to the schools funding in 2017/18 and the introduction of a new national funding formula from 2018/19. These changes will result in budget reductions for Lewisham schools.

12. These HRA and DSG risks and those related to the Capital Programme are discussed in more detail in the budget report. In respect of the capital works these are managed scheme by scheme. Officers review required funding (be it from capital receipts, grant support, or borrowing) quarterly. The most recent review was in January 2017 and updated projections are reported regularly to Mayor & Cabinet.
13. In setting this budget, the Council will maintain a level of corporate balances and reserves which should be adequate to deal with any risk associated with the delivery of this budget. That said there are still considerable risks associated with delivering the scale of savings required. The Chief Financial Officer recommends that the un-earmarked reserves are held at the current level of £13.0m. Should the need arise to call upon these reserves during the year, consideration should be given to replenish them as soon as possible.
14. In addition, the Council held Specific Earmarked Reserves which totalled £80m at the end of March 2016. These funds are earmarked for various future planned spending and to undertake one-off projects or work that does not happen every year. Examples include, the transitional fund, redundancy provisions, elections, replacement of obsolete equipment and contractual claims that may become due (e.g. dilapidations that may become payable on properties we lease from the private sector to provide housing).
15. The 2017/18 budget pressures have been outlined in the main budget report. These include a range of pressures, some of which cannot be quantified at this stage, and include: demographic pressures for children and adult services; unachieved savings and further potential changes to funding as a result of government legislation and reform. These funds will either be transferred to the Directorate budgets where quantifiable and not thought to be directly controllable at the start of the year or held corporately until such time as the pressure emerges during the year.

Budget assumptions

Inflation

16. For financial planning purposes, the Council continues to anticipate the environment of public sector pay restraint to continue and assume an average pay inflation of 1% per annum, which equates to approximately £1.0m. Negotiations have confirmed a pay offer of 1.0% from the 1 April 2017.
17. The Council applies a notional non-pay inflation level of 2.5% per annum which equates to approximately £2.5m on net non-pay expenditure.
18. Moving forward, officers will need to closely monitor inflationary pressure on contracts, which in many cases, continue to outstrip the current level of Consumer Prices Index (CPI) inflation. In particular, this applies to those areas which are viewed as being particularly sensitive to contract price

changes, for example; Adult Social Care or long term fixed rate contracts such as the range of PFI contracts which the Council is currently engaged with.

Savings

Identifying savings

19. The Council, through the Lewisham Future Programme, continues to look at reshaping the Council over the medium term. This Programme recognises that in the seventh consecutive year of spending reductions even greater innovation, focus on the customer, and cross-cutting thinking is required to deliver savings. This whilst attempting to minimise the impacts on residents and customers for Lewisham Council services.
20. The Programme comprises a mixture of thematic and cross-cutting reviews. Some examples of these include: smarter assessment arrangements and deeper integration of social & health care, including public health; approach to safeguarding and early intervention services; opportunities for asset rationalisation; a strategic review of income generation and the drive to make further reductions in management and corporate overheads.
21. Since 2014/15 the annual budgets were supported by the use of reserves. The 2017/18 budget makes use of once off resources from New Homes Bonus of £5.00m and £0.03m of earmarked reserves. Going forward, ongoing measures will need to be put in place to ensure the sustainability of the budget.

Implementing savings

22. There is a risk that one or more budget savings, in full or in part, may not be delivered on time in the year. The Council operates financial management on the principle of devolved responsibility for budgets to managers in Directorates. This is managed through the monthly budget monitoring process with quarterly updates provided in the budget monitoring reports for members. The extent to which any anticipated savings are not delivered adds to future pressures, as noted with the £11.6m forecast Directorate overspend for 2016/17.

Budget control

23. Going forward into 2017/18 the Council will continue to maintain its strong systems for monitoring expenditure and controlling expenditure through Directorate cash limits.
24. During 2016/17 instructions to budget managers were re-affirmed to ensure tight spending on budgets and focus on ensuring the Council's budget position remains within budget at the year-end. However, throughout the year the Council has forecast a persistent overspending position. The forecast outturn position for the year at November 2016 was an overspend of £11.6m. This will likely reduce with the application of the unallocated element of the

risk and pressures monies in the 2016/17 budget. Any overspend at the end of the financial year will have to be met from once off resources.

25. For 2017/18, the budget holders within Directorates are again being requested to endorse their cash limits before the start of the financial year and provide confirmation of an ability to deliver their services within the agreed allocated resources. At this stage it is expected that the Departmental Expenditure Panels and the Corporate Expenditure Panel will continue into 2017/18 and this will be kept under review.
26. Given the forecast outturn position in 2016/17, the level of savings required for 2017/18 and the anticipated significant level of savings/cuts required in the years beyond; it remains critically important to monitor the progress being made in implementing these savings throughout the year.

Conclusion

27. The Council has an established and mature approach for producing and maintaining its annual budget. Its financial plans and strategies have contributed to the achievement of the Council's corporate objectives to date. However, continuing public sector austerity in the face of demographic growth and rising demand for services increases the uncertainty on managing future financial pressures within the available resources.
28. The Council has drawn on once-off resources for three years and will do so again in 2017/18. This approach has been used to allow the Council to identify and implement cost reduction and transformational changes in a measured way. However, it does need to be recognised that this is not sustainable over the long term as continued use of reserves, if unplanned, could reduce the resilience of the Council to respond flexibly to unforeseen expenditure or continued resource reduction.
29. 2016/17 was the seventh consecutive year the Council has made sustained budget reductions and with the local finance settlement for 2017/18 we know this will continue for at least a further three years. The measures taken to date have, in the main, been successful. However, the identification and implementation of savings is becoming more challenging and taking longer to achieve. This pressure is expected to continue and tight control will need to be exercised over the budget for 2017/18 given the level of risk the Council faces. As well as managing within budget, attention also needs to continue to be focussed on identifying the savings necessary to achieve a balanced budget in future years.
30. The use of once off resources on a continuous basis to balance the annual budget is not sustainable and could quickly lead to the depletion of reserves. Should the Council find itself in a position where it does not have the resources to meet expenditure this would lead to the consideration of a Section 114 notice. Whilst the Council does currently have adequate

reserves and an established financial management regime, the budget preparation for both the short and medium term must remain a priority.

Janet Senior – Executive Director for Resources & Regeneration
Chief Financial Officer – Section 151

February 2017

APPENDIX E

MAYOR & CABINET		
Report Title	Realignment of Meliot Road Family Assessment Provision	
Key Decision	Yes	Item No.
Ward	All	
Contributors	Director of Children's Social Care	
Class	Open	Date: 15 February 2017

1. Summary and Summary of the Report

- 1.1 Following the budget report to Mayor & Cabinet Meeting on 28th September 2016 and progress update to CYP Select Committee on 10 November 2106 and 12th January 2017 this report sets out proposals for the Meliot Centre Service to cease operation as an assessment centre and re-align as a contact and intervention centre (with a lesser function of providing interventions and parenting assessments).
- 1.2 This report reviews the Meliot Centre Service detailing its work and demand for assessments and interventions, discusses the proposed service change including need for and patterns of contact, examines capacity within the service to deliver the proposed changes and provides an analysis of financial spend and associated savings.

2. Recommendations

- 2.1 The Mayor & Cabinet are asked to endorse the Meliot Road Family Assessment provision realignment and agree the associated budget savings.

3 Policy Context

- 3.1 The proposals within this report are consistent with 'Shaping Our Future: Lewisham's Sustainable Community Strategy' and the Council's corporate priorities. In particular, they relate to the Council's priorities regarding young people's achievement and involvement, including inspiring and supporting young people to achieve their potential, the protection of children and young people and ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community.
- 3.2 It supports the delivery of Lewisham's Children & Young People's Plan (CYPP), which sets out the Council's vision for improving outcomes for all children and young people, and in so doing ensuring children stay safe by

- a) identifying and protecting children and young people at risk of harm and ensuring they feel safe, especially from:
 - Domestic violence and abuse
 - Child sexual exploitation
 - Serious youth violence
 - Child abuse and neglect
 - Deliberate and accidental injury
- b) Reducing anti-social behaviour and youth offending.
- c) Ensuring that our Looked After Children are safe

3.3 The National Family Justice Review 2011 recommended that criteria for using expert evidence in family proceedings should be strengthened to avoid the lengthy delays which commissioning unnecessary or superfluous reports can create. Provisions in the Children and Families Act 2014 and changes to the Family Procedure Rules 2010 mean that expert evidence can now only be ordered where the judge deems it to be necessary to resolve the case justifiably and where the information sought cannot be obtained from one of the parties. This has significantly reduced the requirement for expert witnesses and Independent Social Worker use by the Court.

4 Details

Rationale

- 4.1 The rationale for the proposed re-alignment of the Meliot Centre is to meet the corporate objective to deliver efficient, effective and equitable services whilst achieving value for money and addressing the Council's savings requirements given the impact of the Government's austerity measures.
- 4.2 It aims to maximise the skills, development and learning for front line practitioners by delivering a service in line with arrangements with most other local authorities. At the same time this proposal allows for the development of a new 'centre for excellence' model for our in-house contact service, which will include new ways of working with foster carers and families providing quality assured, flexible and appropriate provision to our most vulnerable children. It will ensure that services provided are value for money and delivered within the most effective and efficient arrangements.

Current Meliot Service Provision

- 4.3 The Meliot Centre sits within the Family Social Work (FSW) service. Members of the staff team are either social work qualified or hold relevant child care qualifications.
- 4.4 The Centre works with families with children from 0–16 years who either reside with their families or are Looked After.

- 4.5 The Centre has independent oversight of cases and produces assessments of children’s needs and parenting capacity. It is seen as an independent ‘expert’ in court proceedings.
- 4.6 The work of the team includes child protection assessments, court directed parenting assessments, transition and rehabilitation work, assertive outreach support and group work.

Demand for Assessments and Interventions

- 4.7 Practice statistics demonstrate that 116 assessments were started in the period between December 2015 and November 2016 inclusive (Table 1).

Table 1

Month	Court assess	PLO assess	CP assess	Total assess
Dec 2015	8	4	7	19
Jan 2016	7	3	5	15
Feb 2016	7	5	3	15
Mar 2016	3	4	2 (1CIN)	9
Apr 2016	3	0	4	7
May 2016	2	1	3	6
Jun 2016	1	2	1	4
Jul 2016	4	0	2	6
Aug 2016	8	0	1	9
Sep 2016	4	0	0	4
Oct 2016	7	0	0	7
Nov 2016	14	0	1	15
Total	68	19	29	116

- 4.8 Two Focussed Attachment to Babies (FAB) groups have been delivered this year with 9 parents in attendance.
- 9 parents were involved in the parenting assessment process at Meliot.
 - 8 followed positive assessments, with children returning or remaining at home.
- 4.9 Four Caring and Safe Practical Parenting (CASPP) groups were delivered following 30 referrals received. All parents were known to the Meliot Centre and were either undertaking assessment or having their children rehabilitated to their care.

The Venue

- 4.10 The Meliot building is a one story, detached structure situated within a housing estate in New Cross. The centre is served well by public transport. The staff team moved to the premises in April 2015. The building operates

Monday to Friday 8am – 6pm with staff working a shift system to maintain these hours. The building is open occasionally at weekends for contact by prior arrangements. The health and safety and security of the building is maintained by the manager at Meliot.

- 4.11 The building comprises of 3 family rooms, an art room and 2 small meeting rooms. There is a room with a one way mirror and taping facilities. There is a room for staff training, meetings, parent groups and workshops. An upstairs office accommodates the majority of the staff team, whilst the small downstairs office supports and monitors reception and greets service users and contract workers.
- 4.12 The Centre was chosen for its layout and would be conducive for contact purposes.

Proposed Service Change

- 4.13 It is proposed that Meliot Centre ceases operation as primarily an expert parenting assessment centre and becomes the 'Meliot Contact and Assessment Centre,' re-aligning as principally a contact and intervention centre retaining a lesser function of providing parenting assessments.

Current Supervised Contact Provision

- 4.14 Lewisham has no in-house supervised contact provision and consequently supervised contact is arranged via spot purchase. Proposed changes will therefore have the benefit of both saving money on supervised contact and allowing contact to be provided in a consistent premises within a Council service that allows flexibility of response to need as well as enabling stronger quality assurance than exists under the current spot purchase arrangement.
- 4.15 Lewisham spot purchases three main providers for supervised contact: A&A, NRS and Proactiv. A&A have recently ceased operation. Contact services are also spot purchased out of area if children are placed at a distance.
- 4.16 These arrangements have been reviewed and officers assess them as not representing best value for money. The provision is not benchmarked by the Local Authority against quality standards. There are no contracts in place with the current providers therefore there will be no notice period required to terminate them. (Appendix 1: Current Provision).

The Statutory Context in Relation to Contact

- 4.17 **The Children Act 1989 stipulates that every Local Authority has a duty to promote contact Looked After Children, and, where required, to provide safe contact for Children in Need. In any situation contact must be in the best interests of the child and should not be harmful or detrimental to the child. The child's own wishes and feelings must be taken into account, having regard to their age and degree of understanding. Prior**

to making any order, the Court is required to consider the issue of contact.

- 4.18 It is essential to be clear about the purpose of contact for each child in the context of their care plan and based on the assessment of all of their individual needs. The paramount consideration in planning contact, as for all other aspects of their care plan, is the best interests of the child.
- 4.19 Any contact plan should give due consideration both to the child's wishes and feelings and also to their parents' wishes and feelings, but ultimately it must be based on an assessment of the child's developmental needs and how contact can contribute to meeting these in the context of their plan.
- 4.20 Contact is not just between children and their birth parents but is also considered in relation to the child's needs for contact with others in their family including siblings, if placed separately and with their friends.
- 4.21 Contact may benefit both the child and birth relatives in numerous ways (Appendix 2) but it is important to recognise that these benefits will not be present for all.
- 4.22 Supervised contact safeguards children and their families, whilst allowing contact sessions to be recorded so those observations can support and inform assessments.

Proposed Programme of Work and Capacity

- 4.23 Parenting assessments will be undertaken mostly during normal working hours but will also involve some contact on Saturdays to meet service user need and availability.
- 4.24 Parenting groups will be run between 9am – 10am weekdays, as there is reduced requirement for supervised contact during these times. Groups will be set up and delivered to meet requirements.
- 4.25 Supervised contact will generally be provided for cases involved in court proceedings only. Approximately a hundred hours of supervised contact will be delivered per week between 10am – 6pm. Saturday contact will be provided to meet assessed need.
- 4.26 Regularity of contact will vary from case to case as some children are involved in multiple contact arrangements, which if not carefully managed allow them little time for anything else. Regularity and duration will be informed by:
- Court order
 - Previous levels of contact (non-resident parent /extended family);
 - Purpose of contact i.e. assessments;
 - Emotional capability of the child and parent to cope with the contact;
 - Views of the child;

- The potential disruption and stress to the child' caused by the contact arrangements;
 - Ages of children;
 - Previous parental engagement with supervised contact service.
- 4.27 With regard to cases in court proceedings, in most cases contact three times a week of 90 minutes duration is usual. This would allow a child to balance contact with other social commitments. In considering overall contact arrangements, in general all children should have at least 2 days per week when they are free to enjoy normal social activities within placement.
- 4.28 If parents are presenting separately and each wishes to be assessed as a sole carer for the child a level of twice per week with each parent may be appropriate even though this is slightly more intrusive.
- 4.29 Parental contact with newly-born babies and infants may be higher, particularly if the mother is breastfeeding, though sessions may be of shorter duration as there is increasing evidence that even 5 times a week is disruptive and stressful for the baby or infant and again, that such frequent contacts should be avoided to allow the child to settle in its new placement.
- 4.30 A proposed schedule (Appendix 3) has been drawn up detailing the purpose and context of contact. This will be used with social care staff to regulate the level of contact arranged to ensure consistency in the best interests of children and their families. It will also be put to the courts to inform and support care planning thus inhibiting the need for the court to set levels of contact.

Judiciary

- 4.31 Following informal discussions between the Director, Children's Services, Principal Lawyer for Lewisham and Lewisham's Link Judge, indications were of essentially being in agreement with the proposal for social workers to undertake, and present to court their own parenting assessments rather than using Meliot as an expert assessor.
- 4.32 The independently chaired Family Justice Review (2011) concluded that there was a culture of 'routine acceptance' of the need for 'experts' in family law cases and raised concerns that this was duplicating the work of the local authority, leading to delays and potentially compromising the welfare of children (Family Justice Review, 2011a.)
- 4.33 The interim report of the Family Justice Review (2011b) cited evidence that suggested an over-reliance on experts may be, in part, a result of a cycle whereby the courts assessed that social work evidence was of insufficient quality which, in turn, affected the confidence of social workers and led to local authorities relying on experts to inform decision-making and planning. More recent research has indicated that reforms to the public law system since 2014 have resulted in the local authority social worker being seen as the

primary expert in proceedings and this has empowered social workers to take ownership of their cases (Ipsos MORI, 2014.)

- 4.34 The government has also developed standards to improve the quality of expert evidence by Social Workers who want more support to provide “effective and confident” evidence to courts. Development work is also in place locally to enhance this.

Staff Consultation Process

- 4.35 Informal discussions with staff have been taking place looking at how the refocused service could work. This will help inform the proposals for formal consultation. Affected staff and their trade unions will be fully consulted on proposed changes in accordance with the Council’s Management of Change Policy.
- 4.36 Questionnaires were also sent to FSW staff to seek their views. Responses indicate that 50% felt they already had the skills to complete parenting assessments on their own cases and had done so over the last year; around 50% also said they would be keen to learn new skills to assist their social work practice and would interested in co-working with colleagues who already undertake parenting assessments or group work and 75% said they already used tools to assist them with direct work and assessments. The main worry for staff was capacity to complete assessments.
- 4.37 The retention of parenting assessment capacity within Meliot will ensure that there is consultation and joint work with the Family Social Work service and capacity to do a high percentage of court ordered assessments. The main impact for the service will be completing Child Protection assessments and Public Law Outline assessments which is what would anyway be expected of social workers in most local authorities as it is in line with their skills and formal training.
- 4.38 Irrespective of this proposed change, plans are in place for a review of capacity and skills development aligned to the Children’s Social Care Workforce Strategy.

Analysis of Spend

- 4.39 In order to meet the corporate objective to deliver efficient, effective and equitable services, whilst delivering value for money and addressing the savings requirements on Children’s Social Care following the Government’s austerity measures, the review of the Meliot Centre has considered and concluded that Meliot should change from primarily a family assessment centre and re-focus as a contact and intervention centre with a lesser function of providing parenting assessments.

Health & Safety Costs

- 4.40 To ensure that the service meets health and safety requirements a ramp and handrail should be fitted to facilitate access to the Meliot Centre front door.

Expenditure **-£9k**

- 4.41 A gate and fencing is required to aid security to the Meliot Centre, this is to ensure the security of children and other service users during periods of contact; this addresses the risk of children being taken from the centre by their parents during contact.

Expenditure **-£8k**

Establishment Costs

- 4.42 A reorganisation of staffing arrangements will release a saving of £93k. Some staff will also transfer to provide an in-house supervised contact service.

Bringing Supervised Contact In-house

- 4.43 The cost of spot purchasing supervised contact by external providers calculated from paid invoices for the 15/16 Outturn = £643k; 16/17 to Nov.16 = £381k. A reduction of £30k has been made for provision of spot purchase as required for children placed some distance from Lewisham.

5 Financial implications

- 5.1 Apart from the minor alterations of the building there are no capital implications of this savings.
- 5.2 The main cost of the supervised contacts is for the hire of rooms and using the Meliot Centre will avoid these high rental costs. Some of the existing staff will supervise the contacts in the future making an overall saving on supervised contacts of £417k.
- 5.3 The saving does allow for transitional work with the Family Social Work service to support delivery of the new arrangements.
- 5.4 This will allow an overall estimated saving of £600k to be made in a full year. The original saving proposal put forward to the Mayor in September 2016 was £734k and officers will consider alternative savings to close the gap.

6 Legal implications

- 6.1 There are no particular legal implications arising, save that our HR procedures will be adhered to in relation to staffing issues.
- 6.2 The conduct and timetabling of Public Law applications in relation to children is now governed by the Children and Families Act 2014, and the practise

directions issued from time to time in relation to this. The duties to promote contact to Looked After Children and to provide support services to families arise from the provisions of the Children Act 1989 and the Children Act 2004.

7 Crime and disorder implications

7.1 There are no crime and disorder implications arising from this report.

8 Equalities implications

8.1 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

8.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

8.3 The gender and ethnicity breakdown for the service is attached (Graph 16). All posts are currently occupied by women, 5 of which are from BME groups. This is a higher proportion than the Council as a whole.

9 Environmental implications

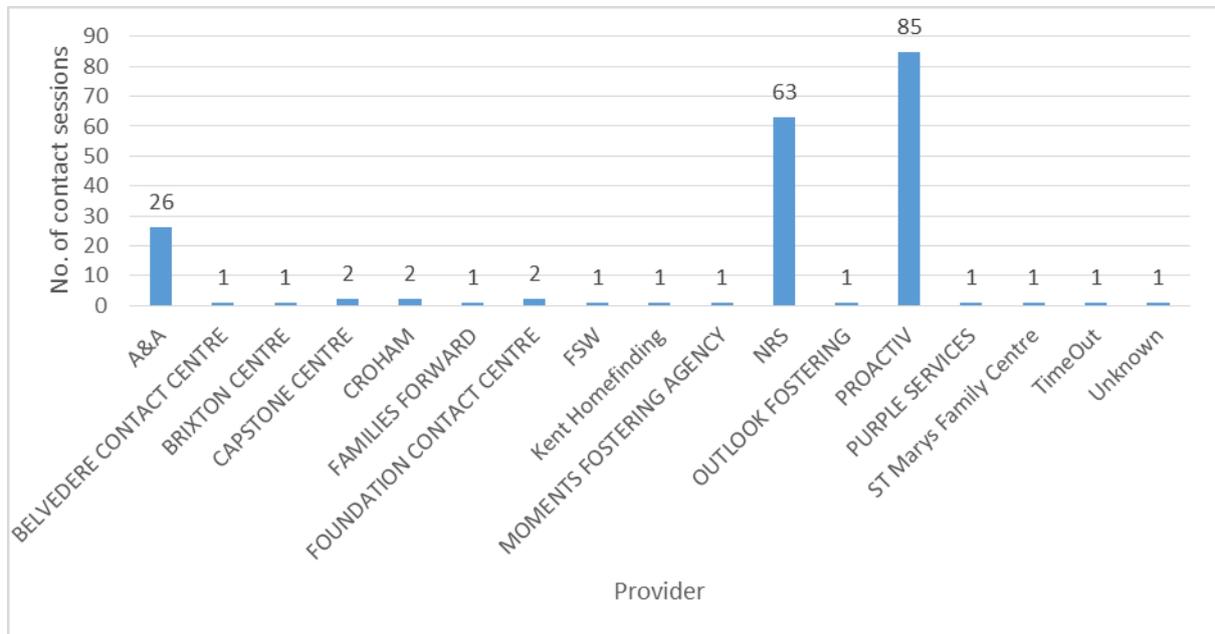
9.1 There are no environmental implications arising from this report.

10 Background documents and originator

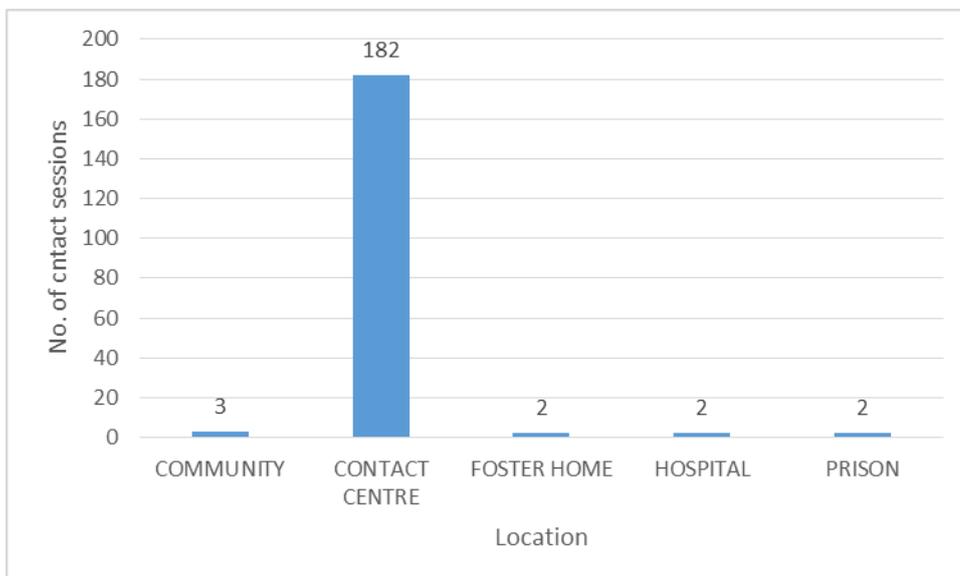
If there are any queries on this report please contact Stephen Kitchman on 020 8314 8140.

Appendix 1: Current Provision

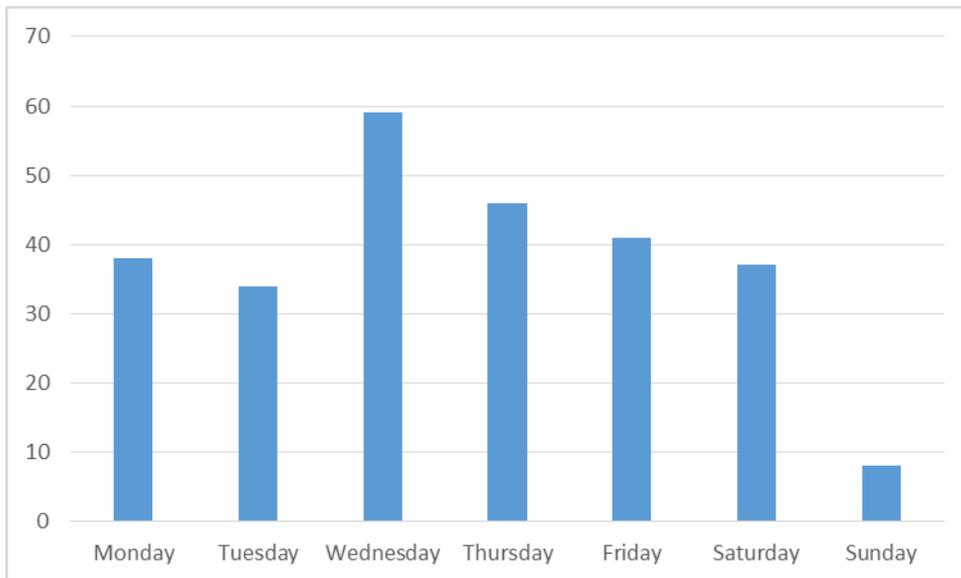
Graph 1: Contact agencies used to provide supervised contact during the period between 1/1/15 -18/10/16:



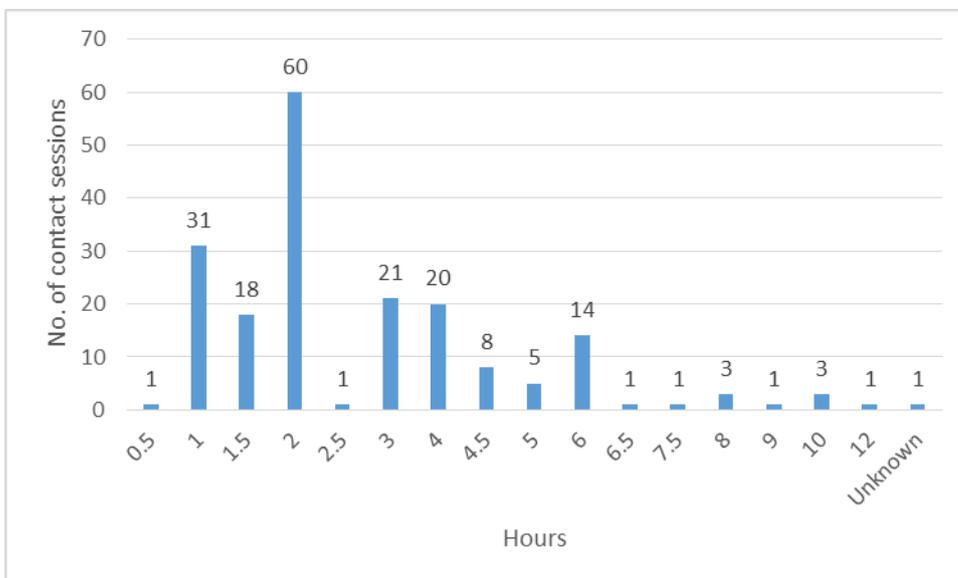
Graph 2: Where supervised contact took place during this period:



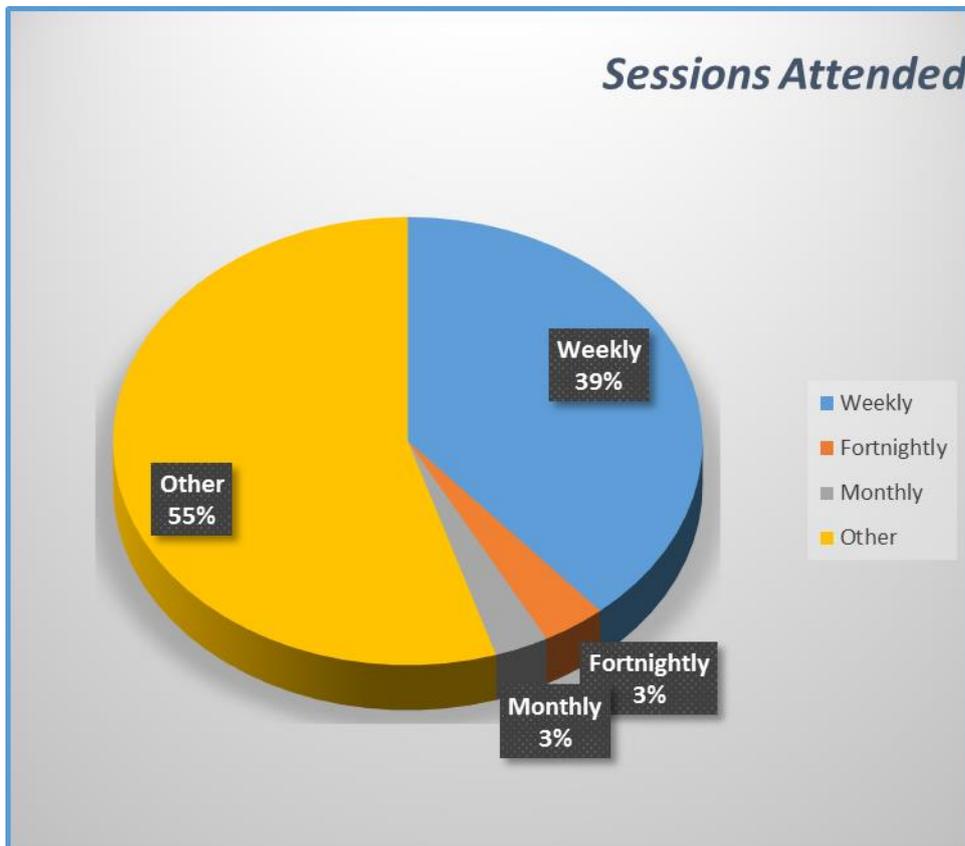
Graph 3: All supervised contacts needed during the period 1/1/15 -18/10/16:



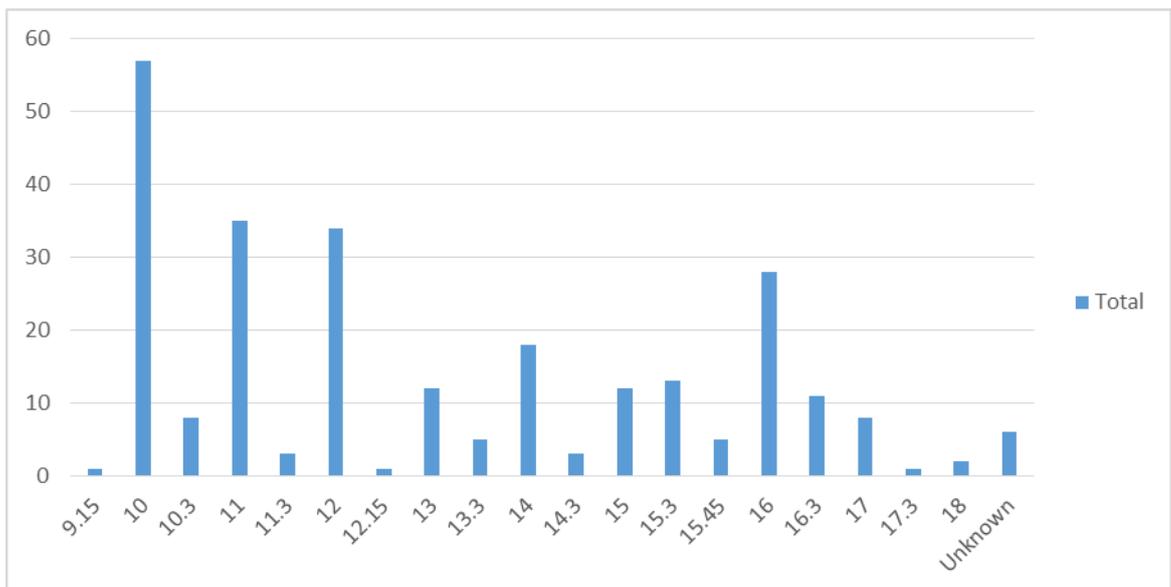
Graph 4: The number of hours per week, per family, that were set up during 1/1/15 -18/10/16:



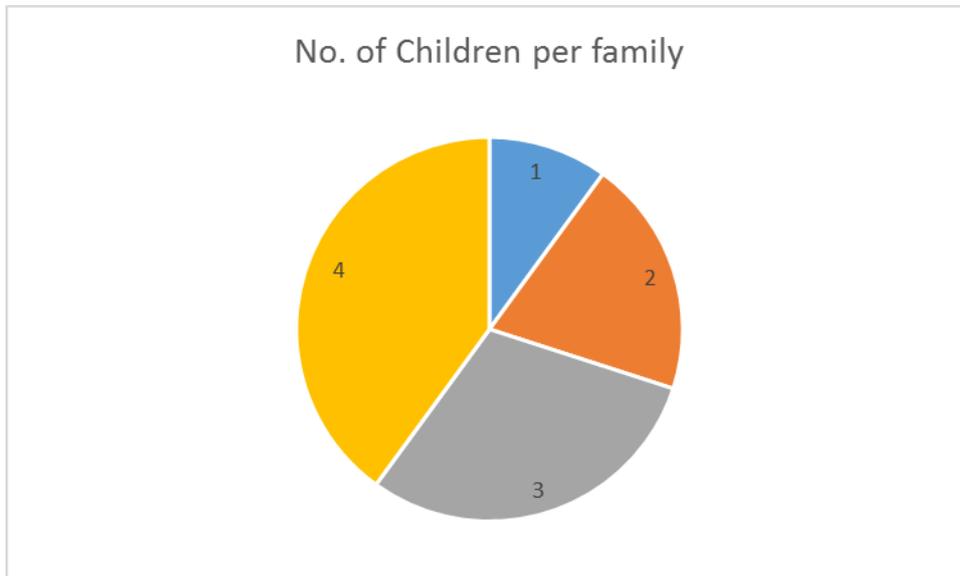
Graph 5: The percentage of weekly, fortnightly, monthly and other sessions attended by families between 1/1/15 until 18/10/16:



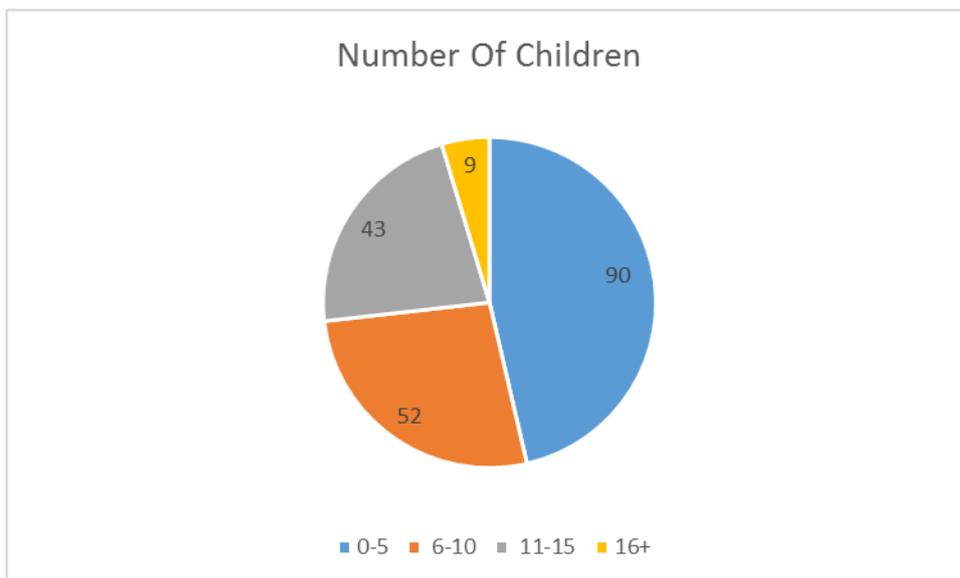
Graph 6: Contact start times throughout the day:



Graph 7: The number of children, per family, that attended supervised contact sessions:



Graph 8: The ages of children requiring contact during the period 1/1/15 - 18/10/16:



Appendix 2: Benefits of Contact

For the child contact may assist in:

- Helping to ease their sense of loss and provide reassurance about the well-being of birth relatives and significant others.
- Maintaining relationships that are important to them.
- assessing whether reunification with the birth family is possible.
- Maintaining relationships so that reunification is possible.

For children in long term placements including adoption, the contact may also assist in:

- Helping them to come to terms with the past.
- Providing an opportunity for the young person to gain more knowledge and understanding about their personal and family history.
- Helping them to maintain links with their race, religion and culture of origin – which may enhance their self-esteem and identity.
- Linking their past and present.
- Enabling them to see their birth family acceptance of their carers and therefore reducing feelings of potential conflict.

For the birth family contact may assist in:

- Helping to ease their sense of loss.
- Maintaining relationships so that reunification remains a possibility.
- Assessing and developing parenting skills.
- Promoting sibling contact.

In long term placements contact may also help birth families through:

- Enabling them to come to terms with the new circumstances including acceptance of the carers.
- Enabling them to give the child a link with the past and reassurance.

For the carer contact may assist in:

- Providing reassurance for the child, reducing anxiety, fear of rejection and improving placement stability.
- Improving the carers' understanding of the child's birth family and providing information from the past which may assist in understanding current and future behaviour of the child.

In long term placements the contact may also assist carers in:

- Working with the child's story throughout the course of childhood rather than closing off the child's past.
- Encouraging discussion with the child and help them to understand the situation better.
- Allowing birth families to give carers permission to parent the child.
- Helping the carer to give the child a view of relationships which can change over time as circumstances change.

Appendix 3: Proposed Schedule

SUPERVISED CONTACT FOR CASES IN COURT PROCEEDINGS (CASES NOT IN COURT PROCEEDINGS TO BE SUPERVISED BY FAMILY MEMBERS/CONNECTED PEOPLE)			
PURPOSE AND CONTEXT OF CONTACT			
AGE	DURING ASSESSMENT	RE-UNIFICATION (PRO-ACTIVE AND TIME LIMITED)	PERMANENCE
0 – 2	3 x per week –maximum for 1.5 hours. (Where possible and if appropriate the foster carer will supervise contact).	5 x per week – 2 hours Leading to some overnight stays (Placement with Parents as applicable), when assessment indicates this is appropriate and re-unification is likely.	If direct contact agreed minimum 1 x per year, 1 hour; maximum 2 x per year – 2 hours (Adoption) Indirect contact, one or two way, minimum 1 x per year maximum 2 x per year
3 – 4 (pre school)	3 x per week –maximum for 1.5 hours. (Where possible and if appropriate the foster carer will supervise contact).	3 x per week – 3 hours Leading to some overnights (Placement with Parents as applicable), when assessment indicates this is appropriate and re-unification is likely.	If direct contact agreed minimum 1 x per year, 1 hour; maximum 2 x per year – 2 hours (Adoption) Indirect contact, one or two way, minimum 1 x per year maximum 2 x per year
5 – 10 (primary school)	2 x per week –maximum for .5 hour (after school). (Where possible and if appropriate the foster carer will supervise contact).	3 x per week – 1 hour (midweek) weekend 2 hours leading to some overnights (Placement with Parents as applicable), when assessment indicates this is appropriate and re-unification is likely.	Adoption. If direct contact agreed 1 x per year – minimum 2 hours, maximum 2 x per year – 4 hours. Indirect contact, one or two way, minimum 1 x per annum maximum 2 x per year. Long term fostering 1 x visit per school holiday up to 2.5 hours plus indirect and phone contact, as agreed.
11 – 16 (senior school)	1 x per week – maximum 2 hours	2 x per week – weekday 1.5 hours weekend 3 hours. Leading to some overnights (Placement with Parents as applicable.) When assessment indicates this is appropriate and re-unification is likely.	Long term fostering young people of this age will be much more involved in the contact plan. Once per school holiday (i.e. 6 times per year).



Making fair financial decisions

Guidance for decision-makers

3rd edition, January 2015

B Introduction

With major reductions in public spending, public authorities in Britain are being required to make difficult financial decisions. This guide sets out what is expected of you as a decision-maker or leader of a public authority responsible for delivering key services at a national, regional and/or local level, in order to make such decisions as fair as possible.

The public sector equality duty (the equality duty) does not prevent you from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it stop you from making decisions which may affect one group more than another group. The equality duty enables you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of your community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on people with different protected characteristics .

Assessing the impact on equality of proposed changes to policies, procedures and practices is not just something that the law requires, it is a positive opportunity for you as a public authority leader to ensure you make better decisions based on robust evidence.

1B What the law requires

Under the equality duty (set out in the Equality Act 2010), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.

The law requires that public authorities demonstrate that they have had 'due regard' to the aims of the equality duty in their decision-making. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had 'due regard'.

It is also important to note that public authorities subject to the equality duty are also likely to be subject to the Human Rights Act 1998. We would therefore recommend that public authorities consider the potential impact their decisions could have on human rights.

2B Aim of this guide

This guide aims to assist decision-makers in ensuring that:

- The process they follow to assess the impact on equality of financial proposals is robust, and

- The impact that financial proposals could have on people with protected characteristics is thoroughly considered before any decisions are arrived at.

We have also produced detailed guidance for those responsible for assessing the impact on equality of their policies, which is available on our website at www.equalityhumanrights.com

3B The benefits of assessing the impact on equality

By law, your assessments of impact on equality must:

- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making
- Consider ways of mitigating or avoiding any adverse impacts.

Such assessments do not have to take the form of a document called an equality impact assessment. If you choose not to develop a document of this type, then some alternative approach which systematically assesses any adverse impacts of a change in policy, procedure or practice will be required.

Assessing impact on equality is not an end in itself and it should be tailored to, and be proportionate to, the decision that is being made.

Whether it is proportionate for an authority to conduct an assessment of the impact on equality of a financial decision or not depends on its relevance to the authority's particular function and its likely impact on people with protected characteristics.

We recommend that you document your assessment of the impact on equality when developing financial proposals. This will help you to:

- **Ensure you have a written record of the equality considerations** you have taken into account.
- **Ensure that your decision includes a consideration of the actions that would help to avoid or mitigate any impacts on particular protected characteristics.** Individual decisions should also be informed by the wider context of decisions in your own and other relevant public authorities, so that people with particular protected characteristics are not unduly affected by the cumulative effects of different decisions.
- **Make your decisions based on evidence:** a decision which is informed by relevant local and national information about equality is a better quality decision. Assessments of impact on equality provide a clear and systematic way to collect, assess and put forward relevant evidence.
- **Make the decision-making process more transparent:** a process which involves those likely to be affected by the policy, and which is based on evidence, is much more open and transparent. This should also help you secure better public understanding of the difficult decisions you will be making in the coming months.
- **Comply with the law:** a written record can be used to demonstrate that due regard has been had. Failure to meet the equality duty may result in authorities being exposed to costly, time-consuming and reputation-damaging legal challenges.

4B When should your assessments be carried out?

Assessments of the impact on equality must be carried out at a **formative stage** so that the assessment is an integral part of the development of a proposed policy, not a later justification of a policy that has already been adopted. Financial proposals which are relevant to equality, such as those likely to impact on equality in your workforce and/or for your community, should always be subject to a thorough assessment. This includes proposals to outsource or procure any of the functions of your organisation. The assessment should form part of the proposal, and you should consider it carefully **before** making your decision.

If you are presented with a proposal that has not been assessed for its impact on equality, you should question whether this enables you to consider fully the proposed changes and its likely impact. Decisions not to assess the impact on equality should be fully documented, along with the reasons and the evidence used to come to this conclusion. This is important as authorities may need to rely on this documentation if the decision is challenged.

It is also important to remember that the potential impact is not just about numbers. Evidence of a serious impact on a small number of individuals is just as important as something that will impact on many people.

5B What should I be looking for in my assessments?

Assessments of impact on equality need to be based on relevant information and enable the decision-maker to understand the equality implications of a decision and any alternative options or proposals.

As with everything, proportionality is a key principle. Assessing the impact on equality of a major financial proposal is likely to need significantly more effort and resources dedicated to ensuring effective engagement, than a simple assessment of a proposal to save money by changing staff travel arrangements.

There is no prescribed format for assessing the impact on equality, but the following questions and answers provide guidance to assist you in determining whether you consider that an assessment is robust enough to rely on:

• Is the purpose of the financial proposal clearly set out?

A robust assessment will set out the reasons for the change; how this change can impact on protected groups, as well as whom it is intended to benefit; and the intended outcome. You should also think about how individual financial proposals might relate to one another. This is because a series of changes to different policies or services could have a severe impact on particular protected characteristics.

Joint working with your public authority partners will also help you to consider thoroughly the impact of your joint decisions on the people you collectively serve.

Example: A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel. Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable. This combined impact would not be apparent if the decisions were considered in isolation.

• Has the assessment considered available evidence?

Public authorities should consider the information and research already available locally and nationally. The assessment of impact on equality should be underpinned by up-to-date and reliable information about the different protected groups that the proposal is likely to have an impact on. A lack of information is not a sufficient reason to conclude that there is no impact.

- **Have those likely to be affected by the proposal been engaged?**

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help you to improve the equality information that you use to understand the possible impact on your policy on different protected characteristics. No-one can give you a better insight into how proposed changes will have an impact on, for example, disabled people, than disabled people themselves.

- **Have potential positive and negative impacts been identified?**

It is not enough to state simply that a policy will impact on everyone equally; there should be a more in-depth consideration of available evidence to see if particular protected characteristics are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

- **What course of action does the assessment suggest that I take? Is it justifiable?**

The assessment should clearly identify the option(s) chosen, and their potential impacts, and document the reasons for this decision. There are four possible outcomes of an assessment of the impact on equality, and more than one may apply to a single proposal:

Outcome 1: No major change required when the assessment has not identified any potential for discrimination or adverse impact and all opportunities to advance equality have been taken.

Outcome 2: Adjustments to remove barriers identified by the assessment or to better advance equality. Are you satisfied that the proposed adjustments will remove the barriers identified?

Outcome 3: Continue despite having identified some potential for adverse impacts or missed opportunities to advance equality. In this case, the justification should be included in the assessment and should be in line with the duty to have 'due regard'. For the most important relevant policies, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact, as discussed below.

Outcome 4: Stop and rethink when an assessment shows actual or potential unlawful discrimination.

- **Are there plans to alleviate any negative impacts?**

Where the assessment indicates a potential negative impact, consideration should be given to means of reducing or mitigating this impact. This will in practice be supported by the development of an action plan to reduce impacts. This should identify the responsibility for delivering each action and the associated timescales for implementation. Considering what action you could take to avoid any negative impact is crucial, to reduce the likelihood that the difficult decisions you will have to take in the near future do not create or perpetuate inequality.

Example: A University decides to close down its childcare facility to save money, particularly given that it is currently being under-used. It identifies that doing so will have a negative impact on women and individuals from different racial groups, both staff and students.

In order to mitigate such impacts, the University designs an action plan to ensure relevant information on childcare facilities in the area is disseminated to staff and students in a timely manner. This will help to improve partnership working with the local authority and to ensure that sufficient and affordable childcare remains accessible to its students and staff.

• **Are there plans to monitor the actual impact of the proposal?**

Although assessments of impact on equality will help to anticipate a proposal's likely effect on different communities and groups, in reality the full impact of a decision will only be known once it is introduced. It is therefore important to set out arrangements for reviewing the actual impact of the proposals once they have been implemented.

6B What happens if you don't properly assess the impact on equality of relevant decisions?

If you have not carried out an assessment of impact on equality of the proposal, or have not done so thoroughly, you risk leaving yourself open to legal challenges, which are both costly and time-consuming. Legal cases have shown what can happen when authorities do not consider their equality duties when making decisions.

Example: A court overturned a decision by Haringey Council to consent to a large-scale building redevelopment in Wards Corner in Tottenham, on the basis that the council had not considered the impact of the proposal on different racial groups before granting planning permission.

However, the result can often be far more fundamental than a legal challenge. If people feel that an authority is acting high-handedly or without properly involving its service users or employees, or listening to their concerns, they are likely to be become disillusioned with you.

Above all, authorities which fail to carry out robust assessments of the impact on equality risk making poor and unfair decisions that could discriminate against people with particular protected characteristics and perpetuate or worsen inequality.

As part of its regulatory role to ensure compliance with the equality duty, the Commission monitors financial decisions with a view to ensuring that these are taken in compliance with the equality duty and have taken into account the need to mitigate negative impacts, where possible.